

REGISTERED NUMBER: 10570531 (England and Wales)

**Report of the Directors and
Financial Statements
for the Year Ended 31 January 2024
for
Innovation Agritech Group Limited**

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Innovation Agritech Group Limited

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for the Year Ended 31 January 2024**

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Innovation Agritech Group Limited

**Company Information
for the Year Ended 31 January 2024**

DIRECTORS:

Mr J S Phagura
Mr D S Currie

SECRETARY:

Mr B Sumner

REGISTERED OFFICE:

The Aerobarn
Heathley Hall Farm
Bracknell Road
Bracknell
RG42 6BN

REGISTERED NUMBER:

10570531 (England and Wales)

AUDITORS:

Adler Shine LLP
Chartered Accountants and Statutory Auditor
Aston House
Cornwall Avenue
London
N3 1LF

Innovation Agritech Group Limited

**Chairman's Report
for the Year Ended 31 January 2024**

I am pleased to report another year of sustained momentum, with important progression in our Bracknell headquarters' agricultural facility that has supported our technological and strategic development. These achievements mean the company is well placed to be able to implement the commercial strategies and enable the completion of sales post the year-end.

The principal focus of the company during the period was the development of agricultural growing practices and to continue the research and development of our unique vertical farming technology to increase the crop quality and yield of our agricultural activity.

The completion of our new and improved GrowFrame360™ farm at our headquarters in Bracknell in 2022 provided an important venue for our agricultural development, providing real-time feedback that underpins our research and development work. The completion of this facility allowed us to enhance our engagement with educational and research institutions and we have since successfully completed installation within a major UK University with a second Educational Institute installation due to commence in Q2 2024.

This has provided us with a platform to open up discussions and proposals for a number of other academic institutions who have shown a keen interest in the GrowFrame360™ technology. Additionally, we are currently navigating through various stages of discussion with several potential commercial sales in the UK and elsewhere.

This new and improved Bracknell HQ facility, along with our commitment to refining the technology has supported our continued focus on developing our technology so that it is market-ready. The Company has identified key areas of development that we believe will give us a market leading solution.

We have spent a significant amount of time developing a strategy to expand internationally. Within this strategy, the Middle East has been identified as strong market opportunity and will be a key focus for the company moving forward. We will explore both commercial and educational opportunities throughout the region.

To ensure long-term success and delivery against our strategic goals, we are developing a company culture that rewards exceptional performance and upholds our core values. Recognising that our success stems from the commitment, integrity, and passion of our team, we have fostered an environment that promotes innovation, accountability, and belonging. This culture aligns with our strategic goals, supports growth, and strengthens our competitive edge.

This year we have made a significant investment in building a world-class team increasing our average headcount by three times the previous year and filling identified skill gaps. The new team members bring competencies and experience from vertical farming, food and beverage, engineering, plant science and people management. This diverse team will help implement our corporate strategy and bring fresh ideas to the business.

As we look ahead, we are well-positioned for a period of sustained growth. Our agenda is clear: refine our agricultural offering, continue our research and development efforts to enhance our intellectual property, accelerate our sales to increase our market share and explore geographical expansion opportunities.

I extend my gratitude to my fellow Director, and to every member of our management team and staff. Your dedication, hard work, and loyalty have been crucial in bringing us to our current position of strength. Together, we have laid a solid foundation, and I am confident that the future holds even greater things for Innovation Agritech Group Ltd



Mr D S Currie - Chairman

Date: 14/10/2024

Innovation Agritech Group Limited

Report of the Directors for the Year Ended 31 January 2024

The directors present their report with the financial statements of the company for the year ended 31 January 2024.

DIRECTORS

Mr J S Phagura has held office during the whole of the period from 1 February 2023 to the date of this report.

Other changes in directors holding office are as follows:

Mr D S Currie - appointed 28 September 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Adler Shine LLP, were appointed during the year and will be proposed for re-appointment at the forthcoming Annual General Meeting, in accordance with section 485 of the Companies Act 2006.

GOING CONCERN

Having reviewed the company's results for the period, its financial forecast and expected cashflows, the directors are of the opinion the Company has adequate resources available to it to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt a going concern basis in preparing the financial statements for the period ended 31 January 2024.

Innovation Agritech Group Limited

**Report of the Directors
for the Year Ended 31 January 2024**

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



.....
Mr J S Phagura - Director

14/10/24
Date:

Report of the Independent Auditors to the Members of Innovation Agritech Group Limited

Opinion

We have audited the financial statements of Innovation Agritech Group Limited (the 'company') for the year ended 31 January 2024 which comprise the Statement of Profit or Loss, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the UK.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the UK; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Report of Auditors thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

**Report of the Independent Auditors to the Members of
Innovation Agritech Group Limited**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Report of the Independent Auditors to the Members of Innovation Agritech Group Limited

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, we have:

- considered the nature of the industry and sectors, control environment and business performance;
- made enquires of management about their own identification and assessment of the risk of irregularities;
- performed audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness and reviewing accounting estimates for bias;
- reviewed minutes of meetings;
- undertaken appropriate sample-based testing of bank transactions;
- identified and evaluated compliance with relevant laws and regulations and made enquiries of any instances of non-compliance. The key laws and regulations we considered in this context included UK Companies Act, data protection, anti-bribery, employment law, health and safety and Money Laundering Act.
- discussed matters among the audit engagement team regarding how and where fraud might occur in the financial statements and potential indicators of fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of
Innovation Agritech Group Limited**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Alexander Chrysaphiades FCA (Senior Statutory Auditor)
for and on behalf of Adler Shine LLP
Chartered Accountants and Statutory Auditor
Aston House
Cornwall Avenue
London
N3 1LF

Date: 15 October 2024

Innovation Agritech Group Limited

**Statement of Profit or Loss
for the Year Ended 31 January 2024**

		2024 £	2023 £
CONTINUING OPERATIONS			
Revenue		271,102	-
Cost of sales		<u>(197,021)</u>	<u>-</u>
GROSS PROFIT		74,081	-
Administrative expenses		<u>(2,064,802)</u>	<u>(1,733,575)</u>
OPERATING LOSS BEFORE EXCEPTIONAL ITEMS		(1,990,721)	(1,733,575)
Exceptional items	5	<u>-</u>	<u>(2,811,364)</u>
OPERATING LOSS		(1,990,721)	(4,544,939)
Finance costs	6	(70,366)	(50,273)
Finance income	6	<u>24,300</u>	<u>-</u>
LOSS BEFORE INCOME TAX	7	(2,036,787)	(4,595,212)
Income tax	9	<u>147,216</u>	<u>147,399</u>
LOSS FOR THE YEAR		<u><u>(1,889,571)</u></u>	<u><u>(4,447,813)</u></u>

The notes on pages 16 to 27 form part of these financial statements

Innovation Agritech Group Limited

**Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 January 2024**

	2024 £	2023 £
LOSS FOR THE YEAR	(1,889,571)	(4,447,813)
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(1,889,571)</u>	<u>(4,447,813)</u>

The notes on pages 16 to 27 form part of these financial statements

Innovation Agritech Group Limited (Registered number: 10570531)

**Statement of Financial Position
31 January 2024**

	Notes	2024 £	2023 £
ASSETS			
NON-CURRENT ASSETS			
Owned			
Property, plant and equipment	10	1,206,539	1,279,397
Right-of-use			
Property, plant and equipment	10, 17	<u>30,000</u>	<u>66,000</u>
		<u>1,236,539</u>	<u>1,345,397</u>
CURRENT ASSETS			
Trade and other receivables	11	340,221	620,239
Cash and cash equivalents	12	<u>2,658,140</u>	<u>4,112,886</u>
		<u>2,998,361</u>	<u>4,733,125</u>
TOTAL ASSETS		<u><u>4,234,900</u></u>	<u><u>6,078,522</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	13	7,751	10,981,906
Share premium	14	86,545	76,547
Retained earnings	14	<u>2,746,953</u>	<u>(6,735,132)</u>
TOTAL EQUITY		<u><u>2,841,249</u></u>	<u><u>4,323,321</u></u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	16	<u>158,896</u>	<u>409,738</u>
CURRENT LIABILITIES			
Trade and other payables	15	1,155,779	1,020,032
Financial liabilities - borrowings			
Interest bearing loans and borrowings	16	<u>78,976</u>	<u>325,431</u>
		<u>1,234,755</u>	<u>1,345,463</u>
TOTAL LIABILITIES		<u><u>1,393,651</u></u>	<u><u>1,755,201</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>4,234,900</u></u>	<u><u>6,078,522</u></u>

The notes on pages 16 to 27 form part of these financial statements

Innovation Agritech Group Limited (Registered number: 10570531)

Statement of Financial Position - continued
31 January 2024

14/10/24

The financial statements were approved by the Board of Directors and authorised for issue on
and were signed on its behalf by:



.....
Mr J S Phagura - Director

The notes on pages 16 to 27 form part of these financial statements

Innovation Agritech Group Limited

**Statement of Changes in Equity
for the Year Ended 31 January 2024**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 February 2022	2,814,534	(2,287,319)	76,547	603,762
Changes in equity				
Issue of share capital	8,167,372	-	-	8,167,372
Total comprehensive income	-	(4,447,813)	-	(4,447,813)
Balance at 31 January 2023	<u>10,981,906</u>	<u>(6,735,132)</u>	<u>76,547</u>	<u>4,323,321</u>
Changes in equity				
Issue of share capital	397,501	-	9,998	397,499
Cancellation of shares	(11,371,656)	11,371,656	-	-
Total comprehensive income	-	(1,889,571)	-	(1,889,571)
Balance at 31 January 2024	<u>7,751</u>	<u>2,746,953</u>	<u>86,545</u>	<u>2,831,249</u>

The notes on pages 16 to 27 form part of these financial statements

Innovation Agritech Group Limited

**Statement of Cash Flows
for the Year Ended 31 January 2024**

		2024 £	2023 £
Cash flows from operating activities			
Cash generated from operations	1	(1,251,118)	(4,442,542)
Interest paid		<u>(67,807)</u>	<u>(4,697)</u>
Net cash from operating activities		<u>(1,318,925)</u>	<u>(4,447,239)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(110,054)	(954,772)
Interest received		<u>24,300</u>	<u>-</u>
Net cash from investing activities		<u>(85,754)</u>	<u>(954,772)</u>
Cash flows from financing activities			
Loan repayments in year		(132,918)	(1,820)
Payment of lease liabilities		(36,000)	(36,000)
Amount introduced by directors		42,289	570,339
Share issue		<u>76,562</u>	<u>8,167,372</u>
Net cash from financing activities		<u>(50,067)</u>	<u>8,699,891</u>
(Decrease)/increase in cash and cash equivalents		<u>(1,454,746)</u>	<u>3,297,880</u>
Cash and cash equivalents at beginning of year	2	<u>4,112,886</u>	<u>815,006</u>
Cash and cash equivalents at end of year	2	<u><u>2,658,140</u></u>	<u><u>4,112,886</u></u>

The notes on pages 16 to 27 form part of these financial statements

Innovation Agritech Group Limited

**Notes to the Statement of Cash Flows
for the Year Ended 31 January 2024**

1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2024	2023
	£	£
Loss before income tax	(2,036,787)	(4,595,212)
Depreciation charges	218,911	192,971
Finance costs	70,366	50,273
Finance income	<u>(24,300)</u>	<u>-</u>
	(1,771,810)	(4,351,968)
Decrease/(increase) in trade and other receivables	427,234	(344,546)
Increase in trade and other payables	<u>93,458</u>	<u>253,972</u>
Cash generated from operations	<u>(1,251,118)</u>	<u>(4,442,542)</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 January 2024

	31.1.24	1.2.23
	£	£
Cash and cash equivalents	<u>2,658,140</u>	<u>4,112,886</u>

Year ended 31 January 2023

	31.1.23	1.2.22
	£	£
Cash and cash equivalents	<u>4,112,886</u>	<u>815,006</u>

The notes on pages 16 to 27 form part of these financial statements

Innovation Agritech Group Limited

Notes to the Financial Statements for the Year Ended 31 January 2024

1. STATUTORY INFORMATION

Innovation Agritech Group Limited is a private company, limited by share, registered in England and Wales. Its registered office address is The Aerobarn, Heathley Hall Farm, Bracknell Road, Bracknell RG42 6BN.

The presentation currency of the financial statements is the Pound Sterling (£) and rounded to the nearest £1.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with UK-adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

Going concern

As we operate in a high growth Agri-Tech industry we have found increased demand for our vertical farming solution and expect this to continue to grow. We will continue to follow government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people.

The directors have reviewed the Balance Sheet and future cash flows and believe the Company has considered financial resources, which together with a number of potential customers and suppliers across different geographic areas and industries, is reflecting in positive demand which will be met by sales in 2025.

Subsequently, the directors believe that the Company is well placed manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the Company has adequate resources to continue in operation existence for the foreseeable future. Thus, the continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Cash and cash equivalents

Cash represents cash in hand and deposits held on demand with financial institutions. Cash equivalents are short-term, highly-liquid investments with original maturities of three months or less (as at their date of acquisition). Cash equivalents are readily convertible to known amounts of cash and subject to an insignificant risk of change in that cash value.

In the presentation of the Statement of Cash Flows, cash and cash equivalents also include bank overdrafts. Any such overdrafts are shown within borrowings under 'current liabilities' on the Statement of Financial Position.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Short leasehold	- over the term of the lease
Plant and machinery	- 10% on cost
Fixtures and fittings	- Straight line over 3 years

Innovation Agritech Group Limited

Notes to the Financial Statements - continued for the Year Ended 31 January 2024

2. ACCOUNTING POLICIES - continued

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Statement of Comprehensive Income, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Balance Sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Innovation Agritech Group Limited

Notes to the Financial Statements - continued for the Year Ended 31 January 2024

2. ACCOUNTING POLICIES - continued

Leases and right of use assets

Leases are recognised as finance leases. The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised in the proceeds of the associated capital instrument.

Accounting standards issued but not yet effective and/or adopted

As at the date of approval of these financial statements, the following standards were in issue but not yet effective. These standards have not been adopted early by the Company as they are not expected to have a material impact on the Company's financial statements.

		Effective date (period beginning on or after)
IFRS 16	Amendment - Lease Liability in a Sale and Leaseback	01/01/2024
IAS 1	Amendment - Non-current Liabilities with Covenants	01/01/2024
IFRS S1	General Requirement for Disclosure of sustainability related to financial information	01/01/2024
IFRS S2	Climate related disclosure	01/01/2024

The International Financial Reporting Interpretations Committee has also issued interpretations which the Company does not consider will have a significant impact on the financial statements.

Innovation Agritech Group Limited

Notes to the Financial Statements - continued for the Year Ended 31 January 2024

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The key assumptions and other key sources of uncertainty that have a significant effect on the amount recognised in the financial statements are described below:

Assets - Property, plant and equipment

Judgements have been made in relation to the lives of assets. In particular, the useful economic life, the residual values of owned assets and indications of impairment. The directors have concluded that the asset values and residual values are appropriate.

Recoverability of debtors

Judgements have been made on the recoverability of debtors and the valuation of provisions. The directors are satisfied that the debtors are recoverable.

Deferred tax

Deferred tax assets are recognised in respect of tax losses where the directors believe that it is probable that future profits will be relieved by the benefit of tax losses brought forward. The directors consider the likely utilisation of such losses by reviewing budgets and medium term plans for the company. The directors have decided that no deferred tax asset should be recognised at the balance sheet date. If actual profits earned by the company differs from the budgets and forecasts used then the value of such deferred tax assets may differ from that shown in these financial statements.

4. EMPLOYEES AND DIRECTORS

	2024	2023
	£	£
Wages and salaries	539,963	269,542
Social security costs	54,090	11,220
Other pension costs	<u>3,856</u>	<u>3,854</u>
	<u>597,909</u>	<u>284,616</u>

The average number of employees during the year was as follows:

	2024	2023
Employees, including directors	<u>15</u>	<u>5</u>

	2024	2023
	£	£
Directors' remuneration	<u>95,000</u>	<u>107,000</u>

The directors are the only key management personnel of the Company.

Innovation Agritech Group Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 January 2024**

5. EXCEPTIONAL ITEMS

Exceptional items relate to commissions and expense paid to third parties on raising capital. These expenses are considered exceptional in relation to the normal course of business and the regularity in which these expenses arise.

6. NET FINANCE COSTS

	2024 £	2023 £
Finance income:		
Deposit account interest	<u>24,300</u>	<u>-</u>
Finance costs:		
Bank interest	1,190	1,963
Other loans	<u>69,176</u>	<u>48,310</u>
	<u>70,366</u>	<u>50,273</u>
Net finance costs	<u>46,066</u>	<u>50,273</u>

7. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging:

	2024 £	2023 £
Depreciation - owned assets	182,912	156,971
Depreciation - assets on hire purchase contracts or finance leases	36,000	36,000
Foreign exchange differences	27	-
Pension costs	3,856	3,854
Commissions payable (exceptional items)	-	2,811,364
Research and development	81,719	88,065
Auditors remuneration	<u>48,500</u>	<u>45,000</u>

8. AUDITORS' REMUNERATION

	2024 £	2023 £
Fees payable to the company's auditors for the audit of the company's financial statements	<u>48,500</u>	<u>45,000</u>

9. INCOME TAX

Analysis of tax income

	2024 £	2023 £
Current tax:		
Tax	<u>(147,216)</u>	<u>(147,399)</u>
Total tax income in statement of profit or loss	<u>(147,216)</u>	<u>(147,399)</u>

Innovation Agritech Group Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 January 2024**

9. INCOME TAX - continued

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2024 £	2023 £
Loss before income tax	<u>(2,036,787)</u>	<u>(4,595,212)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2023 - 19%)	(386,990)	(873,090)
Effects of:		
Expenses not deductible for tax purposes	3,119	2,112
Capital allowances in excess of depreciation	20,121	(156,217)
Amounts to be carried forward	363,750	1,027,195
Research and development claims	<u>(147,216)</u>	<u>(147,399)</u>
Tax income	<u>(147,216)</u>	<u>(147,399)</u>

10. PROPERTY, PLANT AND EQUIPMENT

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 February 2023	108,000	1,514,547	28,044	-	1,650,591
Additions	<u>-</u>	<u>89,353</u>	<u>5,425</u>	<u>15,276</u>	<u>110,054</u>
At 31 January 2024	<u>108,000</u>	<u>1,603,900</u>	<u>33,469</u>	<u>15,276</u>	<u>1,760,645</u>
DEPRECIATION					
At 1 February 2023	42,000	256,243	6,951	-	305,194
Charge for year	<u>36,000</u>	<u>173,942</u>	<u>7,060</u>	<u>1,910</u>	<u>218,912</u>
At 31 January 2024	<u>78,000</u>	<u>430,185</u>	<u>14,011</u>	<u>1,910</u>	<u>524,106</u>
NET BOOK VALUE					
At 31 January 2024	<u>30,000</u>	<u>1,173,715</u>	<u>19,458</u>	<u>13,366</u>	<u>1,236,539</u>
At 31 January 2023	<u>66,000</u>	<u>1,258,304</u>	<u>21,093</u>	<u>-</u>	<u>1,345,397</u>

Short leasehold assets represent the right-of use assets.

Innovation Agritech Group Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 January 2024**

11. TRADE AND OTHER RECEIVABLES

	2024	2023
	£	£
Current:		
Trade debtors	144,000	-
Other debtors	152,456	152,878
VAT	32,353	463,962
Prepayments and accrued income	<u>11,412</u>	<u>3,399</u>
	<u><u>340,221</u></u>	<u><u>620,239</u></u>

12. CASH AND CASH EQUIVALENTS

	2024	2023
	£	£
Cash in hand	220	220
Bank accounts	<u>2,657,920</u>	<u>4,112,666</u>
	<u><u>2,658,140</u></u>	<u><u>4,112,886</u></u>

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				2024	2023
Number:		Class:	Nominal value:		
2024	2023			£	£
100,766,811	-	Ordinary	£0.00007692	7,751	-
-	5,100	Ordinary A	1	-	5,100
-	21,951,811	Ordinary B	0.50	-	10,975,906
-	900	Ordinary C	1	<u>-</u>	<u>900</u>
				<u><u>7,751</u></u>	<u><u>10,981,906</u></u>

On 8 August 2023, 795,000 Ordinary B shares were issued at par.

On 6 November 2023, the Ordinary A, B and C shares were sub-divided and redesignated into 100,746,811 Ordinary shares of £0.00007692 and 22,746,811 Deferred shares of £0.49992308. The Deferred shares were subsequently cancelled.

On 15 January 2024, 20,000 Ordinary shares were issued at £0.50 per share.

Innovation Agritech Group Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 January 2024**

14. RESERVES

Share Premium - Amounts received in excess of the nominal value of the issued share capital less costs associated with the issue of shares.

Retained Earnings - Accumulated comprehensive income for the year and prior periods.

15. TRADE AND OTHER PAYABLES

	2024	2023
	£	£
Current:		
Trade creditors	430,261	209,607
Social security and other taxes	17,911	51,192
Other creditors	866	70,681
Accrued expenses	31,000	55,100
Directors' loan accounts	<u>675,741</u>	<u>633,452</u>
	<u>1,155,779</u>	<u>1,020,032</u>

16. FINANCIAL LIABILITIES - BORROWINGS

	2024	2023
	£	£
Current:		
Bank loans	38,221	-
Other loans	10,755	289,431
Leases (see note 17)	<u>30,000</u>	<u>36,000</u>
	<u>78,976</u>	<u>325,431</u>
Non-current:		
Bank loans - 1-2 years	6,403	48,804
Other loans - 1-2 years	152,493	330,934
Leases (see note 17)	<u>-</u>	<u>30,000</u>
	<u>158,896</u>	<u>409,738</u>

Innovation Agritech Group Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 January 2024**

16. FINANCIAL LIABILITIES - BORROWINGS - continued

Terms and debt repayment schedule

	1 year or less £	1-2 years £	2-5 years £	Totals £
Bank loans	38,221	6,403	-	44,624
Other loans	10,755	-	152,493	163,248
Leases	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
	<u>78,976</u>	<u>6,403</u>	<u>152,493</u>	<u>237,872</u>

Liabilities in respect of leases are secured over the assets to which they relate.

17. LEASING

Right-of-use assets

Property, plant and equipment

	2024 £	2023 £
COST OR VALUATION		
At 1 February 2023	<u>108,000</u>	<u>108,000</u>
DEPRECIATION		
At 1 February 2023	42,000	6,000
Charge for year	<u>36,000</u>	<u>36,000</u>
	<u>78,000</u>	<u>42,000</u>
NET BOOK VALUE	<u>30,000</u>	<u>66,000</u>

There were no further lease additions. The only lease was property which is shown in the accounts as Right of Use Asset. The interest is as disclosed in the accounts.

Innovation Agritech Group Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 January 2024**

17. LEASING - continued

Lease liabilities

Minimum lease payments fall due as follows:

	2024 £	2023 £
Gross obligations repayable:		
Within one year	30,000	36,000
Between one and five years	-	30,000
	<u>30,000</u>	<u>66,000</u>
Finance charges repayable:	<u> </u>	<u> </u>
Net obligations repayable:		
Within one year	30,000	36,000
Between one and five years	<u>-</u>	<u>30,000</u>
	<u>30,000</u>	<u>66,000</u>

Innovation Agritech Group Limited

Notes to the Financial Statements - continued for the Year Ended 31 January 2024

18. FINANCIAL INSTRUMENTS

The principal financial instruments used by the Company, from which financial instrument risk arises are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

A summary of the financial instruments held by category is provided below:

	2024	2023
	£	£
Financial assets measured at amortised costs:		
Trade and other receivables	340,221	620,239
Cash and cash equivalents	<u>2,658,140</u>	<u>4,112,886</u>
	<u>2,998,361</u>	<u>4,733,125</u>

	2024	2023
	£	£
Financial liabilities measured at amortised costs:		
Trade and other payables	1,100,798	1,020,032
Other loans	163,248	620,365
Leases	<u>30,000</u>	<u>66,000</u>
	<u>1,294,046</u>	<u>1,706,397</u>

Financial risk management

The Company's activities expose it to a variety of risks including market risk (interest rate risk), credit risk and liquidity risk. The Company manages these risks through an effective risk management programme and through this programme, the Board seeks to minimise potential adverse effects on the Company's financial performance.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its receivables and its cash deposits. It is Company policy to assess the credit risk of new customers before entering contracts. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk and interest rate risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company is principally funded by equity and holds large cash reserves. The Company's policy throughout the period has been to minimise interest rate risk by placing funds in risk free cash deposits but also maximise the return on funds placed on deposits.

19. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund, Contributions paid during the year amounted to £3,856 (2023 - £3,854). A balance of £866 (2023 - £2,416) was outstanding at the year end.

Innovation Agritech Group Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 January 2024**

20. CONTINGENT LIABILITIES

Subsequent to completion of the fundraising activities, by which the company raised £11,373,405 from the issue of Ordinary B shares from c528 shareholders, the company identified a potential breach of the regulations which govern fundraising activities in the UK. Upon identifying the issue, the company consulted with lawyers and sought to take corrective action by contacting investors offering options to remedy the situation.

Under the options provided, all but 17 investors have opted to retain their investment in the company under the corrected terms. The company remains in correspondence with the remaining 17 shareholders or their estates or trustees, where possible, to discuss a resolution which could include the potential for the company to buy back their shares. The value associated with buying back the entirety of the shares from these shareholders is anticipated to be £193,360.

Having entered into discussion with the shareholders impacted by the breach, the Directors believe the risk of the company facing civil claims are relatively low and as a consequence, there is no provision in respect of these potential claims within these financial statements. It is currently unknown whether any potential fines or penalties may be due in respect of the compliance breach, therefore no provision is made in these financial statements in respect of this.

In connection to this breach, the company has identified that commissions paid to investment brokers exceeded the permitted cap for such commissions as prescribed by the Companies Act 2006. The company has sought legal action against the investment brokers to recover the amount of £3.6m in respect of commissions paid, currently included as an expense within the profit and loss account. Furthermore, the investment brokers have submitted an informal demand for further payments in accordance with the initial agreement, which include a settlement in Ordinary B shares of the company. The company has refused to accede to that informal demand. No provision has been made in respect for either of these matters within these financial statements.

21. RELATED PARTY DISCLOSURES

During the year, the Company received consultancy services amounting to £Nil (2023: £85,000) from the director.

Included within creditors is an unsecured loan from the director of £675,741 (2023: £633,452). This loan is being charged at 8% and is repayable on demand.